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Minutes

Rail Advisory Board Meeting
Atrium Hospitality Room
Science Museum of Virginia
2500 W. Broad Street
Richmond VA
September 14, 2006

Members present:

Sharon Bulova, Chairman
Richard L. Beadles
Hunter Watson

Trenton Crewe
Matthew Tucker
Wiley Mitchell, Jr.

Bruno Maestri
Dwight Farmer
Peter J. Shudtz

The meeting was called to order at 10:09 a.m. by Sharon Bulova, Chairman.

Adoption of Meeting Agenda

A motion to accept the agenda of the September 14, 2006 meeting was made by Richard Beadles seconded by Trenton Crewe and was unanimously approved by the Rail Advisory Board (RAB) members.

Adoption of Minutes

A motion to accept the minutes of the July 13, 2006 meeting was made by Hunter Watson, seconded by Peter Shudtz and unanimously approved by the RAB members.

Public Comments

There were no public comments received by e-mail.

Jay Westbrook of CSX and Meredith Richards of Charlottesville Citizens for Better Rail Alternatives (CvilleRail) signed up for public comment prior to the meeting. Nancy Finch of Virginians for High Speed Rail also requested to speak.

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Mr. Westbrook remarked to the Board that the present is a time of robust demand for rail service. Many businesses are moving freight off the highways and onto the railways.

Highlights of his comments:

- CSX continues to experience a seven percent (7%) level of freight train interference while other rail systems are at higher levels. When asked by Wiley Mitchell to define “freight train interference” Mr. Westbrook replied it was his understanding that when an Amtrak train is delayed by freight trains, it is defined as such. When questioned about the data, Mr. Westbrook assured the Board that the data was reliable.
- CSX is in the process of rehabilitating its rail systems, i.e. repair of stop signals, the actual rails, etc.
- CSX is also working to provide more realistic timetables to its customers. Mr. Westbrook indicated that highway passengers and airlines have had to adjust their schedules within the last ten to fifteen years and the rail systems must do the same. He stated that rail passengers would appreciate being able to rely on a more realistic schedule than one which will bring disappointment, not to mention an upset of plans at their journey’s termination.

When questioned as to whether the ridership is more interested in the short rather than long-term schedules along the I-95 Corridor, Mr. Westbrook stated that this was just an overall picture to be presented to the Board in response to their request for an update. He understood there are plans to have more in-depth discussion at the November meeting.

Ms. Meredith Richards, Chairman of Charlottesville Citizens for Better Rail Alternatives (website www.CvilleRail.org) was next to address the Board. She began by giving a brief history of Charlottesville as hub of travel in the past. At one time, there were 22 daily trains from Charlottesville to Washington, DC. At present Amtrak runs one train in each direction, twice a day, three times a week. Ms. Richards pointed that reservations are hard to get and trains are habitually off schedule.

Ms. Richards gave facts that showed that a burgeoning market for rail travel is being virtually ignored by the rail systems. This includes local students and their visiting parents, local businessmen who regularly do business in the DC-Northern VA area, federal workers from Washington, DC, and tourists who visit such historical sites as Monticello.

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Because of the organizations' awareness of this potential market, they are planning to undertake a survey of ridership potential. It is hoped this survey will reflect overwhelming support for increased rail service in the Charlottesville area.

Ms. Richards also pointed out the economic benefits to the DC area as well, among these would be an ease of traffic congestion on the highway corridors in and out of the Northern VA-DC area.

Currently only 44 miles of the 112 miles are single track. Among the needs already identified is the restoration of double track rail from Washington, D.C. to Charlottesville. Benefits from this investment would be to both passenger and freight rail users.

Nancy Finch spoke on Amtrak Reauthorization SB1516. She requested that the Board and all attendees contact their respective Congress representative in support of Amtrak as the bill was coming up for discussion and possible vote within the next few days. She also pointed out planned legislative initiatives in the Special Session of the Virginia General Assembly.

Chairman Bulova requested Director Matt Tucker of DRPT to look into the issues of the Senate Bill and advocate for Amtrak and rail funding.

Statewide Multimodal Freight Study Presentation

Ms. Mary Lynn Tischer presented an overview on the Multimodal Freight Study as identified in the VTrans Action Plan. This study is designed to prepare the Commonwealth for the large increase in freight flowing in and out of Virginia. Freight is expected to more than double in the Commonwealth within the next 20 years. Volumes at the Port of Virginia will increase by 100% by 2020 and 300% by 2040.

The Multimodal Freight Study is being undertaken with two phases in mind. Phase I will involve stakeholders and the public. This will entail a review of prior studies and prior recommendations with an expected completion of September 2006. An inventory of the freight transportation system will begin in December 2006.

The preparations of forecasts have a projected completion date of January 2007. At the same time improvements to the existing system are to be identified. Data and Analytical Tool Deficiencies are to be identified by February 2007 with a Final Phase 1 Report to be presented in March, 2007.

Phase 2 will involve Analysis of Alternative Futures, Potential Freight Solutions, Planning Process Frameworks, Policy Recommendations, and develop an Action Plan with a submission of the Final Phase 2 Report expected in the Fall of 2007.

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The Intermodal office began the work on this study with a freight forum on May 1, 2006, bringing together key business and industry leaders from around the state. The work being done is based on the National Freight Policy document. The framework and proposed recommendations from this meeting were presented.

Ms. Tischer was asked by Ms. Bulova if specific recommendations/projects will be presented when study is finished. Ms. Tischer replied that there will be two levels of recommendations, one being policy recommendations and the second being actual projects that are needed. Ms. Tischer was asked to keep the Board abreast of the Study.

Wiley Mitchell asked what the primary criteria were for determining the most desirable rail or highway alternative. Ms. Tischer replied that they have not developed those criteria at this time. Mr. Mitchell urged Ms. Tischer to consider the full range of impacts such as environmental details, land use, safety, fuel consumption, that are not always considered. The Intermodal Office expects to look at the full range of impacts to the Commonwealth in this study.

Bruno Maestri directed everyone's attention to Slide 20 in the presentation which showed that 15% of the stakeholders had indicating that Virginia's freight infrastructure is not adequate to meet present and future needs. This meant that 85% thought that there was sufficient infrastructure, which is a challenge to getting our needs message out.

CSX Freight Presentation

John Gibson, Vice President of Operations, Research and Planning for CSX gave an overview of capacity planning and chokepoints on CSX lines in the Commonwealth.

He pointed out that there is no set manner in which to predict railroad flow/capacity. This is an entity affected by such random factors as mix of traffic, the number of trains in certain transit times and speed differentials. Not all trains employ the same capacity. Capacity is affected by traffic, operations and objectives. Market requirements along with those of the customer will affect performance thresholds. Schedule delays, crew capacities, emergency repairs and natural events (weather) are all also contributing factors.

Chokepoints can be found in the following areas: Physical Plant, Operations, Utilization of Crews, Highway Access and Grade Crossings. For example, Washington D.C. to Richmond is a Corridor which employs Amtrak, commuter, and freight operating on double track. On the other hand, Richmond VA to Rocky Mount, NC is primarily a single track with freight and Amtrak passenger

Draft

service. Consequently, both these routes face operational difficulties but the managerial eye must be placed on their fundamental differences.

Studies have shown that in order to correct the problems presented by chokepoints investments will have to be made in areas which include:

- Additional main line train tracks
- Adding new or extending passing tracks
- Installing train control systems on unsignaled territory
- The improvement of vertical and horizontal clearances
- The construction of new yards
- Expanded interchange facilities between railroads

CSX has a three year capital plan which continues to identify, evaluate, substitute and delete projects, involving interaction with Operations, Commercial Strategy and Finance Departments, all reporting to the Executive Team.

As always, the demand for capital is greater than available funds and there is high competition for discretionary funds. An Authority for Expenditure process is used to manage project investments. When asked by a Board Member Hunter Watson about the effectiveness of changing single track to double track capacity, Mr. Gibson responded that it depended on the expected accomplishment. If trying to accomplish maximum fluidity, an economically robust double track with signaling, cross-overs to allow traffic, and appropriate speeds and over-take allowances.

On questioning from Mr. Beadles, Mr. Gibson stated that the I-95 corridor New York/Jacksonville is not emerging as a top priority. Population growth has been increasing in the deep Southeast with accompanying demands for more rail services. Growth of population and manufacturing in the Northeast will probably remain steady. At the same time Intermodal growth is strong and CSX had thoughtfully reviewed performance to better serve markets. As to the question of re-crewing due to congestion, tracks out of service or other issues, with the implementation of the railroad's One plan, performance should continue to improve.

Wiley Mitchell commented on future growth by indicating that, "Investment has to have greater return." Mr. Gibson mentioned the "buggy whip" theory in which it is supposed that the last man to manufacture buggy whips had a great idea for management and expansion but with advent of automobile, who cared? Mr. Mitchell emphasized that an eye to the future is implicit.

On questioning by Mr. Farmer, Mr. Gibson reiterated that there is a three year time plan for Capital Planning and budgeting, but the Strategic Planning process looks as far out to the future as needs dictate.

Draft

Norfolk Southern Freight Presentation

Ms. Sarah Corey, Director of Strategic Planning for Norfolk Southern presented information about their freight interests and activities in the U.S. and in Virginia.

Overall, within the last two years there has been a recognizable shift in the competitive environment between rail and truck. This shift is due in part to: increased fuel costs, congestion on highway systems, reduced hours of service for truck drivers and driver shortages. This shift appears to be permanent.

With an eye to the future, an eye must be given to the capacity planning with emphasis on the revenue effect of a 1% shift. A 1% shift from trucking to railroads translates to a 10% shift for the rail systems which means a top-line growth of 10% for railroads equaling \$ 4 billion.

The importance of the rail infrastructure is becoming more apparent. Consideration must be made for markets served, industries served and future potential. Along with costs, transit time, maintenance, and reliability on loss/damage must be considered. At present Norfolk Southern is considering Capacity Planning lead time of up to 4 years. Norfolk Southern has developed a modeling program based on its known lead times. These times vary from a few months to discontinue a line, one and a half years to purchase 50 new locomotives, to four years to build five miles of double track rail.

Identification of Choke Points is also essential. Some of these are Manassas to Riverton to Hagerstown; Petersburg, Crewe/Suffolk, Roanoke to Bristol; and Andover. Future corridor development is a key component of future modality. For this to happen there must be significant investment in infrastructure, rolling stock and terminals are required. Norfolk Southern has also identified several "Problem" areas on its lines in Virginia, including Charlottesville and Lynchburg.

Ms. Corey reviewed current and proposed passenger operations on the NS lines and the railroad's concerns for safety and congestion. Future corridor development includes the Chicago/Harrisburg/Atlanta triangle and the Heartland Corridor.

The planned I-81 project impacts multiple states and subsequent interaction. NS is looking at three alternative corridors in the I-81 traffic corridor. Also public investment is required to address the challenges of congestion in the I-81 corridor.

Dick Beadles asked questions relative to capacity on the Bristol line and the planned improvements included as part of the Conrail acquisition filing almost 10 years ago, especially the siding extensions. Ms. Corey replied that sidings

Draft

considered in the Conrail application, but that investment has not been made due to changes in traffic patterns. Norfolk Southern is making its investment based on which higher need. NS is continuing to watch this area, but freight traffic has not reached the level where they can justify making the investment. Mr. Beadles asked about capacity on part of this line being used for double stack for the Heartland Corridor. This directly relates to public investment including the Trans Dominion Express (TDX) planning on this route. Ms. Corey responded that passenger service is welcome as long as freight is not jeopardized; the goal is to preserve company investment and protect the public safety.

Mr. Shudtz requested an update on Norfolk Southern's part of work in Portsmouth with CSX, the state and Commonwealth Railway (CWRY) related ongoing investments. Ms. Corey gave a review of the initial operating meeting with CWRY, CSX, the state and APM terminal personnel. Teams have been set up to finalize plans. NS and CWRY have settled the arbitration on the purchase price for the rail line.

Mr. Mitchell asked for clarification on passenger projects and if there was a difference in the way NS relates to TDX and its other passenger rail users. Ms. Corey stated that there is no difference and NS would be glad to meet and work with TDX.

Ms. Bulova asked NS and CSX to come to the Board at a future meeting with information on their policies about of heat restrictions and maintenance of tracks. Director Tucker indicated that DRPT would coordinate a presentation to the Board.

I-81 Rail Corridor Study

Kevin Page, Director, Rail Transportation, gave a presentation showing directives given to DRPT and steps DRPT plans to take in response.

HB 1581 calls for a study of I-81 for freight operating, ownership and truck competitive characteristics of the up to 500 miles outside of VA. This is to include financial evaluation and potential funding mechanisms of improvements, along with study of up to 60% diversion of trucks off of I-81 onto the NS rail line.

DRPT's approach is to develop a Rail Corridor Improvement Study conducted in cooperation with Secretary of Transportation's Office, Commonwealth's Multimodal Office, Norfolk, Southern, Cambridge Systematics and Woodside Consulting. This is a fully funded project with the timeframe of Fall 2006-Summer 2007. The study will encompass exploration of the Shenandoah, Piedmont and Route 29 rail corridors. It will extend at least 500 miles, including TN and Pa. Alternative ownership and operational options will be looked into along with a new rail right of way from Front Royal to Culpeper.

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A financial evaluation will include capital cost up of upgrades and construction. Also to be considered are the level of services to be achieved and their benefit to the public. An estimated construction schedule for completing track upgrades including, but not limited to, the rail corridor from Front Royal to Manassas is also a priority.

The study Proposal will be present to the CTB at their September 21, 2006 meeting. A public meeting and action will be requested of the CTB at their October meeting. DRPT will keep the RAB updated on the study as it proceeds. The Final Results will be available in summer 2007.

Information Items for the Board

Director Tucker briefed the members of the Board on the information items included in the back of their packets. Responses include the Public Comment process for the revisions to the REF application process, the Match requirement and the Rail Map. Director Tucker also reviewed the Work Plan included in this section for the Board's information.

Chairman Bulova added that responses to the survey will be presented at the November RAB meeting.

There being no additional business before the Board, the meeting was adjourned at 12:16 pm.